

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:2928

ANSWERED ON:27.08.2013

SUGARCANE PRICING POLICY .

Jakhar Shri Badri Ram ;Kashinath Shri Taware Suresh;Pakkirappa Shri S.;Thamaraiselvan Shri R.

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government proposes to review/revise the criteria/ formula of fixation of Fair and Remunerative Price (FRP) in view of rising input costs of sugarcane cultivation;
- (b) if so, the details thereof indicating the input cost in various States, present criteria and the changes likely to be made therein;
- (c) whether the Government is also considering to bring out a long term sugarcane pricing policy; and
- (d) if so, the details thereof along with the suggestions received in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b) The Central Government fixes FRP of sugarcane having regard to the factors mentioned in Clause 3(1) of the Sugarcane (Control) Order, 1966. The FRP so fixed is based on the recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consultations with State Governments and other stakeholders. The input costs involved in the production of sugarcane viz. all actual expenses incurred in cash and kind in production of sugarcane, interest on value of own capital assets (excluding land), rental value of own land (net of land revenue) and rent paid for leasing land and imputed value of family labour are duly considered (C2 cost of production) while determining the FRP. The State-wise details of projected costs of production (unadjusted C2 cost of production) for sugarcane for the sugar season 2012-13 are annexed. However, the Government has appointed a Committee under chairmanship of Dr. Ramesh Chand to examine the methodological issues including the cost concepts of Minimum Support Price (MSP).

(c)&(d) The Dr. C. Rangarajan Committee report on Regulation of sugar sector has inter-alia recommended that there should be a sharing of the revenues/value created in the sugarcane value chain between the farmers and the millers in a fair and equitable manner. The Central Government has considered recommendations of the Committee and has decided that the recommendation of the Committee relating to adoption of the Revenue Sharing Formula be left to the State Governments for adoption and implementation, as considered appropriate by them.